

Message Text

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ACTION EB-08

INFO OCT-01 ISO-00 XMB-02 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 AF-10 ARA-10 EA-10 EUR-12 NEA-10 IO-13
OIC-02 /170 W

-----100626 250004Z /64

R 242227Z AUG 78

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 8467

INFO AMEMBASSY BRUSSELS

AMEMBASSY PARIS

AMEMBASSY TOKYO

USMISSION GENEVA

USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 01 OF 02 OTTAWA 04189

E.O. 11652: GDS

TAGS: OCON, ECOSOC, EGEN, UN, CA

SUBJECT: UNGA COMMITTEE OF THE WHOLE (COW): CANADIAN
COMMENTS ON JAZAIRY PAPER

REF: (A) STATE 189327, (B) OTTAWA 3755

FOR USEC, ALSO FOR USOECD

1. EMBASSY HAS OBTAINED FROM EXTAFF COPY OF TELEGRAM
TO CANADIAN UN DELEGATION SETTING OUT DETAILED GOC
COMMENTS ON JAZAIRY'S PAPER ON RESOURCE TRANSFERS.
CANADIAN DELEGATION IS INSTRUCTED TO USE COMMENTS AS
GUIDANCE IN DISCUSSIONS, BUT NOT TO SUBMIT THEM IN
WRITING TO UN SECRETARIAT. TEXT OF TELEGRAM FOLLOWS.

2. BEGIN TEXT: FOLLOWING PROVIDED FOR GUIDANCE IN
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RESPONDING TO JAZAIRYS REQUEST FDR COMMENTS ON NON-PAPER
DISTRIBUTED DURING INFORMAL MEETING GENEVA JULY 20.
HAVE NOTED VIEWS EXPRESSED BY EC AND SHARE RESERVATIONS
ABOUT WISDOM OF ATTEMPTING NEGOTIATION OF AGREED TEXT
AT OUTSET SEPTEMBER MEETING. NEVERTHELESS RECOGNIZE
IMPORTANCE G-77 ATTACHES TO SOME FORM OF WRITTEN REPORT
AND BELIEVE JAZAIRY NON PAPER WITH SUITABLE AMENDMENTS

MAY PROVIDE BASIS FOR COMPROMISE. COMMENTS RELATE TO SPECIFIC PARAGRAPHS OF NON PAPER.

- PARA ONE: NO DIFFICULTY WITH REFERENCE TO GLOBAL APPROACH TO TRANSFER OF RESOURCES. HOWEVER HAVE CONSISTENTLY ARGUED THAT INTERNATIONAL PAYMENTS SYSTEM SHOULD NOT BE USED OR ALTERED FOR PURPOSE OF EFFECTING TRANSFERS OF REAL RESOURCES TO DEVELOPING COUNTRIES AND WOULD THEREFORE PREFER REFERENCE TO QUOTE INTERNATIONAL PAYMENTS UNQUOTE BE DELETED.

- PARA TWO: NO PROBLEM.

- PARA THREE: UNREALISTIC TO REFER TO THE REDUCTION AND ULTIMATE ELIMINATION OF WIDENING GAP. DO NOT BELIEVE THIS CLAUSE NECESSARY AS PART OF GENERAL ENDORSEMENT OF PRINCIPLES OF NIEO. WOULD BE APPROPRIATE AND USEFUL TO INSERT REFERENCE TO RESPONSIBILITY OF WORLD COMMUNITY TO WORK TOWARDS EFFICIENT AND SOUND USE OF ECONOMIC RESOURCES TO INCREASE GROWTH AND TOTAL WEALTH.

- PARA FOUR: NO PROBLEM.

- PARA FIVE: DO NOT OBJECT TO LINKING DEVELOPMENT OF THIRD WORLD WITH EXPANSION OF DEMAND AND WORLD ECONOMY. HOWEVER, DEVELOPING COUNTRIES STILL ABSORB TOO LITTLE OF CONFIDENTIAL

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INDUSTRIALIZED COUNTRIES EXPORTS TO BE IMPORTANT ELEMENT IN LATTERS' ECONOMIC RECOVERY. IMPROVED PURCHASING POWER IN DEVELOPING COUNTRIES WOULD PROBABLY AFFECT NARROW RANGE OF GOODS PRODUCED BY INDUSTRIALIZEDCOUNTRIES. THEREFORE NOT CLEAR WHAT NET EFFECT OF TRANSFER OF PURCHASING POWER TO DEVELOPING COUNTRIES WOULD BE.

- PARA SIX: MEANING NOT ENTIRELY CLEAR BUT ASSUMPTION SEEMS TO BE THAT SIZEABLE PART OF CURRENT ACCOUNT DEFICITS OF LDCS SHOULD HAVE BEEN FINANCED THROUGH INTERNATIONAL FINANCIAL INSTITUTIONS. THIS IS NOT PROPOSITION WE WOULD ENDORSE. REFERENCE TO LACK OF EXTERNAL FINANCING GIVEN NATURE OF IMBALANCES OF LDCS FAILS TO ACKNOWLEDGE EVIDENTLY EASY ACCESS TO CAPITAL MARKETS OF MIDDLE AND UPPER INCOME DEVELOPING COUNTRIES. RECENT RATES OF INFLATION IN DEVELOPED WORLD HAVE IN FACT REDUCED DEBT BURDEN OF LDCS IN REAL TERMS. THEREFORE, QUESTIONABLE THAT QUOTE SHARP INCREASE UNQUOTE HAS OCCURRED IN INDEBTEDNESS OF LDCS SINCE MAJOR INCREASE RESULTING FROM OIL PRICE REVISIONS IN 1973 AND 1974. DO NOT AGREE COMMITTEE ACCEPTED VIEW THAT DEVELOPING COUNTRIES FORCED TO SCALE DOWN DEVELOPMENT

PLANS BECAUSE OF SHARP INCREASE IN DEBT.

- PARA SEVEN: NO MAJOR DIFFICULTY WITH FORMULATION
HEREIN BUT BELIEVE USEFUL TO REFER TO CANADA'S ACTION
AT CIEC IF THERE IS TO BE ENUMERATION OF ACTION TAKEN BY
VARIOUS GOVERNMENTS.

- PARA EIGHT: IT IS ARGUED ELSEWHERE THAT TERMS AND
CONDITIONS OF DEVELOPMENT FINANCING SHOULD BE MADE MORE
CONCESSIONAL. THEREFORE WONDER WHETHER CONSISTENT
TO REFER TO GROWING NEEDS OF DEVELOPING COUNTRIES FOR
LOANS QUOTE ON CURRENT TERMS UNQUOTE. AGAIN, IF REFERENCE
MADE TO INDIVIDUAL COUNTRY ACTIONS WITH REGARD TO
REPLENISHMENT OF IDA REFERENCE TO CANADIAN ACTION
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APPROPRIATE.

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C O N F I D E N T I A L SECTION 02 OF 02 OTTAWA 04189

- PARA NINE: SKIRTS ISSUE OF AUTOMATICITY WITH REGARD

TO RESOURCE FLOWS AND WE WOULD NOT WISH TO SEE CHANGES
IN THIS PARAGRAPH WHICH WOULD INDICATE AUTOMATIC TRANSFER
OF FUNDS.

- PARA TEN: FOLLOWING GENERAL QUOTA INCREASE EARLIER
THIS YEAR, IMF CURRENTLY EXAMINING POSSIBILITY OF
FURTHER SUBSTANTIAL INCREASE IN QUOTAS OF MEMBERS. WHEN
APPROVED, INCREASE WILL ENLARGE BALANCE OF PAYMENTS
FINANCING AVAILABLE IN CASE OF NEED ON NON-DISCRIMINATORY
BASIS.

- PARA ELEVEN: IF INTERPRETED TO MEAN THAT IMF
CONDITIONALITY SHOULD BE REDUCED AND THAT IMF SHOULD
DISCRIMINATE SYSTEMATICALLY IN FAVOR OF LDCS AND ENTER
FIELD OF DEVELOPMENT ASSISTANCE WE WOULD OBJECT STRONGLY.

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- PARA TWELVE: DEVELOPING COUNTRIES ARE NOT
DISCRIMINATED AGAINST IN CANADIAN CAPITAL MARKETS AND WE
WOULD WISH TO AVOID IMPLICATION THAT CHANGES REQUIRED.
AS CREDIT WORTHINESS REMAINS KEY TO SUCCESSFUL BOND ISSUE
WE CANNOT ENDORSE PROPOSALS FOR PREFERENTIAL OR FAVORABLE
TREATMENT TO BOND ISSUES OF DEVELOPING COUNTRIES.

- PARA THIRTEEN: NOT ABLE TO ENDORSE LANGUAGE WHICH
IMPLIES THAT ADDITIONAL MASSIVE TRANSFERS OF RESOURCES
ARE NECESSARY AT THIS TIME. WE BELIEVE PROPOSALS FOR
MASSIVE TRANSFERS NEED CAREFUL EXAMINATION AND STUDY OF
IMPLICATIONS ON EMPLOYMENT, ABSORPTIVE CAPACITY,
INFLATION, ETC. BEFORE PROPOSALS CAN BE ADEQUATELY
ASSESSED.

- PARA FOURTEEN: NO PROBLEM.

- PARA FIFTEEN: EQUITABLE HAS NEVER BEEN ADEQUATELY
DEFINED AND ADDS LITTLE TO MAIN POINT.

- PARA SIXTEEN: NO PROBLEM.

- APPRECIATE DIFFICULTY OF ARRIVING AT TEXT ACCEPTABLE
TO ALL PARTICIPANTS. COMMENTS FOR GUIDANCE IN DISCUSSION
BUT DO NOT PROPOSE THEY BE FORMALLY SUBMITTED TO
SECRETARIAT IN WRITTEN FORM AS WE BELIEVE MAXIMUM
FLEXIBILITY SHOULD BE RETAINED IN LIGHT OF EVOLVING
POSITIONS OF EC AND USA. HOPE IN PROCESS OF CONSULTA-
TIONS IN NEW YORK PRIOR TO REVISIONS OF CHAIRMAN'S PAPER
THAT POINTS ELABORATED ABOVE ARE TAKEN INTO ACCOUNT.
SUPPORT CHAIRMAN'S VIEW THAT PRESENT DRAFT OF PAPER
CONSIDERED AS QUOTE SUGGESTED OUTLINE UNQUOTE SUBJECT TO
OPEN EXCHANGE OF VIEWS PRIOR TO ISSUANCE BEFORE SECOND

SESSION IN SEPTEMBER. END TEXT

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Message Attributes

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